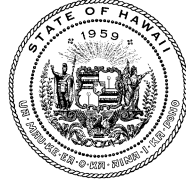


**DAVID Y. IGE**  
GOVERNOR  
**JOSH GREEN M.D.**  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
Phone: (808) 587-1540 / Fax: (808) 587-1560  
Email: Tax.Directors.Office@hawaii.gov

**RONA M. SUZUKI**  
DIRECTOR OF TAXATION  
**DAMIEN A. ELEFANTE**  
DEPUTY DIRECTOR

To: The Honorable Karl Rhoads, Chair;  
The Honorable Jarrett Keohokalole, Vice Chair;  
and Members of the Senate Committee on Judiciary  
  
The Honorable Laura H. Thielen, Chair;  
The Honorable Lorraine R. Inouye, Vice Chair;  
and Members of the Senate Committee on Government Operations

From: Rona M. Suzuki, Director  
Department of Taxation

**Re: S.B. 3163, Relating to Economic Impact Statements**

Date: Friday, February 7, 2020

Time: 10:45 A.M.

Place: Conference Room 016, State Capitol

The Department of Taxation (Department) **supports** S.B. 3163, which requires that an economic impact statement be attached to any bill before passage on third reading. The bill also requires the office of the legislative analyst to prepare the required economic impact statements. Economic impact statements are defined and must include each bill's potential positive and negative effects on the state's workforce, taxation policy, incomes, operating costs to businesses and nonprofits, capital investment, economic development, and the state's competitiveness.

The Department presently provides revenue impact estimates on certain measures. These estimates are limited in scope as they do not consider taxation policy or general economic impacts.

The Department is willing to provide aggregated data and information to the Legislative Analyst as required under section 21F-8, Hawaii Revised Statutes.

Thank you for the opportunity to provide testimony in support of this measure.



**Testimony to the Senate Committees on Judiciary and Government Operations  
Friday, February 7, 2020 at 10:45 A.M.  
Conference Room 016, State Capitol**

**RE: SB 3163, RELATING TO ECONOMIC IMPACT STATEMENTS**

Chairs Rhoads and Thielen, Vice Chairs Keohokalole and Inouye, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 3163 which would require the office of the legislative analyst to create economic impact statements for bills and makes an appropriation to the office of the legislative analyst.

The Chamber is Hawaii's leading statewide business advocacy organization, representing 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

We often hear from our members that growing their businesses require stability, certainty and the ability to plan ahead. However, many proposed mandates create instability for businesses because they don't specify a clear cost or path forward. Providing economic impact statements as part of the legislative process would address this common challenge by laying out an unbiased, evaluation that would allow legislators and the public to have a better understanding of the impact that proposed measures would have. The intent of this bill provides an important step to ensuring that there are not any unintended consequences.

Finally, we would respectfully ask that the Committees consider including language in the bill to require the Counties to provide economic impact statements on bills considered by their local County Councils, as this would help to alleviate additional concerns from our businesses about any unintended consequences of County legislation being implemented.

Thank you for the opportunity to provide testimony in support of SB 3163.



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**LATE**

**HEARING BEFORE THE SENATE COMMITTEE ON  
JUDICIARY AND COMMITTEE ON GOVERNMENT OPERATIONS  
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 016  
FRIDAY, FEBRUARY 7, 2020 AT 10:45 A.M.**

To The Honorable Karl Rhoads, Chair;  
The Honorable Jarrett Keohokalole, Vice Chair; and  
Members of the Committee on Judiciary;

To The Honorable Laura H. Thielen, Chair;  
The Honorable Lorraine R. Inouye, Vice Chair; and  
Members of the Committee on Government Operations;

**TESTIMONY IN STRONG SUPPORT OF SB3163 RELATING TO  
ECONOMIC IMPACT STATEMENTS**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce, with approximately 650 members. I am writing share our strong support of HB2210.

The Maui Chamber of Commerce strongly supports this bill to require the office of the legislative analyst to create economic impact statements for bills and makes an appropriation to the office of the legislative analyst. We appreciate that this bill has been introduced as it is something we have long supported. Unless one has run a business, they often have no idea of the challenges that businesses face and the impacts that bills will have on the cost of doing business and the cost to residents.

We wholeheartedly believe that legislators should be taking the economic impact of bills into consideration before they pass as many seemingly good bills can be extremely burdensome for businesses and residents.

In addition to this great initiative, we also support similar bills HB2071 and HB2655 to include a fiscal/economic impact statement with bills and HB2210 to conduct a business climate report.

We appreciate the opportunity to testify on this matter and ask that this bill be passed.

Sincerely,

*Pamela Tumpap*

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

TESTIMONY ON BEHALF OF  
THE LIBERTARIAN PARTY OF HAWAII  
c/o 1658 Liholiho St #205  
Honolulu, HI 96822

February 5, 2020

RE: SB3163 to be heard Friday, February 7, in Room 016, at 10:45 AM

To the members of the Senate Committees Judiciary and on Government Operations

SUPPORT

Dear Senators:

We need to take better control of our state's finances. Even bills with a clear appropriation may not give the whole picture on costs. Too many bills have underlying costs that may not be written into an appropriation at all. Bills that tend to increase our incarcerated population with new felonies, longer sentences, and a list of things that are done to address fear and anger among voters, should always be balanced with real costs and real safety issues.

Aloha



Tracy Ryan  
For The Libertarian Party of Hawaii



1050 Bishop St. PMB 235 | Honolulu, HI 96813  
P: 808-533-1292 | e: [info@hawaiiifood.com](mailto:info@hawaiiifood.com)

#### **Executive Officers**

**Joe Carter**, Coca-Cola Bottling of Hawaii, *Chair*  
**Charlie Gustafson**, Tamura Super Market, *Vice Chair*  
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**Derek Kurisu**, KTA Superstores, *Advisor*  
**Beau Oshiro**, C&S Wholesale Grocers, *Advisor*  
**Toby Taniguchi**, KTA Superstores, *Advisor*

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TO:

Committee on Judiciary and Committee on Government Operations  
Senator Karl Rhoads and Senator Laura H. Thielen, Chairs  
Senator Jarrett Keohokalole and Senator Lorraine R. Inouye, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: February 7, 2020  
TIME: 10:45am  
PLACE: Conference Room 16

RE: SB3163 Relating to Economic Impact Statements

Position: Strong Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

Understanding the economic impacts of new regulations is an important component of ensuring that any new laws are functional, enforceable, and sustainable. Our state's economy is fragile. We have a highly specialized economy that relies primarily on one industry, and increasingly we are especially dependent on high income tourists since our high prices are too much for many mid-range or budget travelers. These high prices are too much for many Hawaii residents as well, due in large part to our extremely high cost of living young people are leaving the state in droves. The businesses that try to serve their communities here are challenged with skilled worker shortages, high labor costs, and one of the heaviest regulatory burdens in the entire country. For the grocery stores that feed our state, and other businesses that operate at very low single digit profit margins, any additional burden or challenge can be too much.

In order for our economy to strengthen, diversify, and grow we need to start factoring in the economic impacts of new regulations. This measure will help ensure that our legislature is enacting thoughtful legislation that promotes economic growth instead of stifling it, that works

with Hawaii businesses not against them, and that creates a future where Hawaii's economy is thriving.

In order to be truly effective we believe that this mandate needs to apply to the County Councils. We would ask that the bill be amended and language be added to require the County Councils to also perform Economic Impact Statements prior to passing legislation.

We encourage you to vote yes on this measure and we thank you for the opportunity to testify.

TO: Chair Rhoads; Vice Chair Keohokalole; and the Committee on Judiciary

Chair Thielen; Vice Chair Inouye; and the Committee on Government Operations

FROM: Adrian Hong, President of Island Plastic Bags, Inc.

RE: SB 3163 RELATING TO ECONOMIC IMPACT STATEMENTS

POSITION: STRONGLY SUPPORT

Thank you for the opportunity to submit testimony in strong support of SB 3163. My name is Adrian Hong and I am the president of Island Plastic Bags Inc. (IPB), a second-generation, family business in Halawa Valley that manufactures plastic trash liners and food grade bags. If passed I believe this bill will lead to more jobs, more profitable businesses, and a better economy overall in Hawaii.

I find that there are a lot of bills put forth every year that sound great in theory but have significant, unforeseen, unintended consequences. The world is incredibly complex and no one is an expert in everything. Having economic impact statements for legislation that is likely to pass will help reduce the chance of passing bills with unintended consequences. It will give the legislators and public the information necessary to make informed decisions about the future of Hawaii.

For that reason, I ask that SB 3163 be passed into law. Should you have any questions or comments about my testimony you can contact me by email at [ahong@islandplasticbags.com](mailto:ahong@islandplasticbags.com) or by phone at 808-484-4046.

Sincerely,

Adrian K. Hong, CPA\*

President

Island Plastic Bags, Inc.

[www.islandplasticbags.com](http://www.islandplasticbags.com)

Email: [ahong@islandplasticbags.com](mailto:ahong@islandplasticbags.com) | Phone: 808-484-4046 | Fax: 808-488-8505

\*Not in public practice

**SB-3163**

Submitted on: 2/5/2020 4:53:36 PM

Testimony for JDC on 2/7/2020 10:45:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Miyahira	Individual	Support	No

Comments:

Understanding how proposed legislation might impact the health of our economy is information that each legislator should have.



**SB-3163**

Submitted on: 2/6/2020 9:54:56 AM

Testimony for JDC on 2/7/2020 10:45:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Rhea R. Lee-Moku	Individual	Support	No

Comments:

Thank you for the opportunity to submit testimony for this bill, SB3163. I support this bill and strongly encourage passing of this bill. Too often bills are passed without regard for its impact on the economy of Hawaii. It is successful and profitable business that provides jobs and economic growth for Hawaii.

Thank you.

**LATE**

**SB-3163**

Submitted on: 2/7/2020 9:08:28 AM

Testimony for JDC on 2/7/2020 10:45:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dede Heiman	Individual	Oppose	No

**Comments:**

I am a residential property owner and cannot support this bill as it is written. It is purposely written vaguely, and leaves the power to decide what and how much to amend the constitution, and leaves the power to tax in the hands of a few in the Hawaiian legislature. This is taxation without representation of local governments. If this passes, I will boldly seek to defeat huge tax levies in residential property, which is best left to local governments.

“If you who own the things people must have could understand this, you might preserve yourself. If you could separate causes from results, if you could know that Paine, Marx, Jefferson, Lenin, were results, not causes, you might survive.” ( John Steinbeck, Grapes Of Wrath)

I understand the cause of teacher salaries being uncompetitive and unsustainable. You must understand the cause of low teacher pay. You have underpaid and unsatisfied teachers who cannot pay rent, and live comfortably as workers. This is your cause. I see why you have brought this bill to the legislature. Please think of why we as landowners, owners of homes, are nervous about your bill. We understand your cause. Below are results of our nervousness, the result will be that we sell our properties because we cannot pay property taxes. We, as you, need to make a living and have decent housing.

I believe these are the results of Hawaii's terrible economy which is the cause of your anger that you cannot provide competitive salaries to teachers:

1. GET tax on everything, including medical costs, books, rent, to name a few, all of which thwart teachers from stretching their salaries for essentials. Business income is falling into the hands of fewer and fewer, namely the developers. Income from taxes is not income; it constrains already low profit small business, such as rentals. Teachers will be better served rallying the public to fight against this blanket tax.

2. Costly Jones Act, a Federal act, which prevents competitive cost goods from entering Hawaii

3. No economic impact reports that politicians have to reflect on before passing anti small business bills like an immediate ban on one use plastics, This is a good cause but does not take into account the cost to small business.
4. Immediate and harsh penalties for landlord/owners to rent a room out of their homes for short term guests, which could help teacher housing by keeping rents down
5. Non-existent toxic waste regulation/disposal, which will cost plenty in the future, and affect the children of Hawaii more than lack of experienced educators in the classroom
6. Developers having total control over what, how, and when they build, only for luxury buyers and not for affordable housing, which would benefit teachers

Unless these results of poor legislatio are addressed, I will become one of the repressed and I will work to defeat onerous government decrees, in order to allow teachers to make a decent living without hiking the taxes on the last available asset: land. I understand your revolution, and support teacher salary equity, but you also need to understand the causes of teacher inequality of pay. It is greed and waste in the Hawaiian government. I cannot personally stop this bill but I promise you I will go after government weights on small business, the Jones Act, and the results of the legislature not seeing the cost and studying the economic impact of these bills/laws that result in low or non-existent competitive teacher benefits. Educating voters would help to defeat poor legislative action,. You, as teachers, please think of the global economic impact of this bill which could easily force expendable residential property landowners to exit the Island market because they cannot pay incresed property taxes. I am a small voice against the policies that result in this problem of teacher pay. Rental policies are not competitive under this current legislation, and future rental policies will be worsened by attaching huge taxes to property owners.

I will be the repressed majority along with you, if this vague and unnecessary bill passes.

**LATE**

**SB-3163**

Submitted on: 2/7/2020 9:59:59 AM

Testimony for JDC on 2/7/2020 10:45:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Bruce Heiman	Testifying for Diamond Head Gem	Support	No

Comments:

I support the requirement of an Economic Impact Statement (EIS) for any and all bills having potentially substantial economic impact on the people and institutions of Hawaii. I am particularly concerned regarding the lack of awareness in the legislature of the reality of *unintended consequences* when enacting major legislation. Examples of policies that should be subject to an EIS include changing the G.E.T., imposing additional or increased taxes on sub-sectors of the population, changing how property tax is assessed, approving major development projects, and changing vacation rental laws. Without considering the impact of policies on people, businesses and industries, *including* potential unintended consequences on all stakeholders, legislative action constitutes nothing less than flying blind in bad weather--the risks of major problems are huge. Impact statements that include a thorough articulation of potential unintended negative consequences of bills (as well as benefits) would *add to the ability of HI Legislators to make good, informed decisions that benefit the state and its citizens*. Requiring economic impact statements is an excellent example of good governance, and should be a *required* part of many bills that the legislature considers. The benefits of generating such analyses far outweigh the costs. Having knowledgeable, informed, legislators who can decide issues based on facts flowing from expert analyses should be a priority for the state, and has the potential to very positively impact the state's future.

Sincerely,

Bruce Heiman  
Homeowner, Honolulu; Voter

**LATE**

**SB-3163**

Submitted on: 2/7/2020 10:47:18 AM

Testimony for JDC on 2/7/2020 10:45:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
James K. Chan	Testifying for Hawaiian Chip Company, LLC	Support	No

Comments: